

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 108th Congress ¹**

[Date approved: August 27, 2004]²

Bill No. and sponsor: H.R. 4287, Rep. Houghton et al.

Proponent name, location: Tailored Clothing Association, Washington, DC, and National Textile Association, Boston, MA

Other bills on product (108th Congress only):³

Nature of bill: Renewal and expansion of temporary duty provisions on wool articles through 2010.⁴

Retroactive effect: January 1, 2005

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

We suggest new language to clarify product coverage of three existing headings in chapter 99 providing for temporary duty reductions on wool articles (listed below). For the remaining existing heading for wool articles in chapter 99 (9902.51.12), we suggest that it be replaced with two new headings (as listed below) in order to accomplish the objectives of the proponent while enabling Customs administration of the provisions in its automated entry system. Certain changes in U.S. notes to subchapter II of chapter 99 are also suggested, as set forth in the “technical comments” section (the last section of this report).

Revised existing headings:

HTS heading 9902.51.11: Fabrics, of combed wool, containing 85 percent or more by weight of wool, of wool yarns with an average fiber diameter greater than 18.5 microns, as described in U.S. note 15(b) to this subchapter (provided for in subheading 5112.11.60 or 5112.19.95).

HTS heading 9902.51.13: Yarns of combed wool, not put up for retail sale, containing 85 percent or more by weight of wool, formed with wool fibers having average fiber diameters of 18.5 microns or less (provided for in subheading 5107.10.30).

HTS heading 9902.51.14: Wool fiber, waste, garnetted stock, combed wool or wool top, the foregoing having average fiber diameters of 18.5 microns or less

¹ Industry analyst preparing report: Kimberlie Freund (202-708-5402); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm>. Access to a paper copy is available at the Commission’s Law Library (202-205-3287) or at the Commission’s Main Library (202-205-2630).

³ Introduced by Senator Baucus as Senate Amendment 2941 to H.R. 1637. The amendment was not adopted.

⁴ This report covers only the tariff provisions of H.R. 4287.

(provided for in subheading 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21 or 5105.29).

New HTS heading 9902.51.15 (derived from existing heading 9902.51.12):

Fabrics, of combed wool, containing 85 percent or more by weight of wool, of wool yarns with an average fiber diameter of 18.5 microns or less, as described in U.S. note 16 to this subchapter (provided for in subheading 5112.11.30 or 5112.19.60).

New HTS heading 9902.51.16 (derived from existing heading 9902.51.12):

Fabrics, of combed wool, containing 85 percent or more by weight of wool, of wool yarns with an average fiber diameter of 18.5 microns or less, as described in U.S. note 17 to this subchapter (provided for in subheading 5112.11.30 or 5112.19.60).

Check one: ☒ Same as that in bill as introduced
(HTS headings 9902.51.13, 9902.51.14 (technical change only))

☒ Different from that in bill as introduced (explain differences in Technical comments section)
(HTS headings 9902.51.11, 9902.51.15 and 9902.51.16)

Product information, including uses/applications and source(s) of imports:

The bill would amend Title V of the Trade and Development Act of 2000, as amended by the Trade Act of 2002, by extending enhanced tariff relief through 2010 for imports of certain wool inputs used to make men's and boys' worsted wool suits, sport coats, and trousers in the United States. Tariff relief applies to (1) raw and processed fine-micron wool fibers, (2) fine-micron combed wool yarns, and (3) fine-micron and coarse-micron worsted wool fabrics containing 85 percent or more by weight of wool and certified by the importer as suitable for use in the tailored clothing articles.⁵ To implement the tariff relief for the fabrics, Title V created separate tariff-rate quotas (TRQs) for the fine-micron and coarse-micron fabrics.⁶ The bill would--

- (1) extend the temporary duty suspension for raw or processed fine-micron wool fibers (including waste or stock, combed wool, and wool top);
- (2) extend the temporary duty suspension for fine-micron combed wool yarns containing 85 percent or more by weight of wool;
- (3) extend the temporary tariff relief for U.S. tailored clothing manufacturers provided under the TRQs for fine-micron and coarse-micron fabrics, as well as increase the quantity of fabrics eligible for tariff relief under the coarse-micron and fine-micron TRQs and further reduces the TRQ in-quota duty rate on the coarse-micron fabrics to 10 percent from 17 percent ad valorem; and

⁵ For purposes of this report, fine-micron products have an average fiber diameter of 18.5 microns or less and coarse-micron products have an average fiber diameter greater than 18.5 microns. The lower the number, the finer the fiber.

⁶ The 2004 TRQs are as follows: Heading 9902.51.11 permits 4.5 million square meter equivalents (SMEs) of coarse-micron fabric to enter at 17 percent ad valorem and heading 9902.51.12 permits 3.5 million SMEs of fine-micron fabric to enter free of duty. Imports in excess of these quantities are subject to the column-1 general duty rate of 25 percent ad valorem.

- (4) establish a new TRQ providing U.S. worsted wool fabric producers a temporary duty suspension on imports of fine-micron worsted wool fabrics suitable for use in the tailored clothing.

The tariff relief (duty savings) provided under Title V is intended to benefit U.S. worsted wool fabric producers that use imported fibers and yarns as inputs, as well as U.S. tailored clothing manufacturers that use imported fabrics as inputs. The fabrics are made of combed wool that is processed into yarns on the worsted system and, hence, are known as worsted wool fabrics. The production of such fabrics can be divided into three broad stages: (1) preparing the wool fibers for spinning, (2) spinning the fibers into yarns, and (3) weaving the yarns into fabrics. In the first stage, the fibers undergo (a) scouring to remove impurities from the fibers; (b) carding to disentangle the fibers, yielding wool in the form of a loose, untwisted rope-like “sliver;” and (c) combing to remove the shorter fibers and further align the longer ones, producing a smoother, more uniform sliver known as “top.” The top is then spun into worsted wool yarns, followed by weaving of the yarns into worsted wool fabrics.

In 2003, Australia was the principal foreign supplier of raw and processed fine-micron wool fibers. The United Kingdom, Italy, and New Zealand were also significant suppliers of combed wool, including wool top. The major foreign suppliers of worsted wool yarn were New Zealand, Canada, Germany and Italy. Italy was the largest foreign supplier of worsted wool fabrics, followed by Mexico, Canada, and Korea.

Estimated effect on customs revenue:

HTS subheading: <u>9902.51.11</u>					
	2004	2005 <u>2/</u>	2006 <u>4/</u>	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	17.5	17.5 / 25.0	25.0	25.0	25.0
Estimated value <i>dutiable</i> imports	0	\$6,000,000	\$33,000,000	\$33,000,000	\$33,000,000
Customs revenue loss <u>3/</u>	\$ 0	\$2,800,000	\$5,000,000	\$5,000,000	\$5,000,000

1/ Where applicable to a specific or compound rate, the AVE is the ad valorem equivalent of that specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ The temporary duty reduction is currently set to expire December 31, 2005. The bill would extend the temporary duty suspension and expand the TRQ in 2005 by 1 million square meter equivalents (SMEs) to a total of 5.5 million SMEs in each calendar year from 2005 through 2010. The bill would reduce the rate of duty applicable to fabrics entered under the TRQ from the current level of 17.5 percent to 10 percent ad valorem effective as of January 1, 2005; accordingly, we do not set forth data for 2004 in this table.

The bill would not affect the column 1-general duty rate of 25 percent ad valorem applicable to imports of fabrics in excess of the TRQ in-quota levels.

3/ The customs revenue loss for 2005 is the sum of the net change in revenue loss from the reduction of the TRQ in-quota duty rate from 17 percent to 10 percent ad valorem on 4.5 million SMEs (TRQ quantity currently in effect), plus the additional revenue loss incurred as a result of increasing the size of the TRQ (the difference of an additional 1 million SMEs eligible to enter at 10 percent ad valorem, rather than at

the general duty rate of 25 percent ad valorem.)

4/ The revenue loss for 2006-08 is estimated by calculating the benefit of the TRQ of 5.5 million SMEs at a duty rate of 10 percent ad valorem, compared with the general rate of 25 percent ad valorem.

Source of estimated dutiable import data: Official U.S. Government statistics.

HTS subheading: 9902.51.13					
	2004	2005 <u>2/</u>	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	0	0	6.0	6.0	6.0
Estimated value <i>dutiable</i> imports	0	0	\$4,500,000	\$4,500,000	\$4,500,000
Customs revenue loss	\$0	\$ 0	\$270,000	\$ 270,000	\$ 270,000

1/ Where applicable to a specific or compound duty rate, the AVE is the ad valorem equivalent of such specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ The temporary duty suspension is currently set to expire December 31, 2005.

Source of estimated dutiable import data: Official U.S. Government statistics.

HTS subheading: 9902.51.14					
	2004	2005 <u>2/</u>	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	0	0	3.9	3.9	3.9
Estimated value <i>dutiable</i> imports	0	0	\$3,000,000	\$3,000,000	\$3,000,000
Customs revenue loss	\$0	\$0	\$117,000	\$117,000	\$117,000

1/ Where applicable to a specific or compound duty rate, the AVE is the ad valorem equivalent of such specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ The temporary duty suspension is currently set to expire December 31, 2005.

Source of estimated dutiable import data: Official U.S. Government statistics.

HTS subheading: <u>9902.51.15</u>					
	2004	2005 <u>2/</u>	2006 <u>3/</u>	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	0	0	25.0	25.0	25.0
Estimated value <i>dutiable</i> imports	0	\$13,500,000	\$45,000,000	\$45,000,000	\$45,000,000
Customs revenue loss	\$ 0	\$3,375,000	\$11,250,000	\$11,250,000	\$11,250,000

1/ Where applicable to a specific or compound duty rate, the AVE is the ad valorem equivalent of such specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ The temporary duty suspension is currently set to expire December 31, 2005. The revenue loss is estimated by calculating the loss incurred as a result of increasing the size of the TRQ from 3.5 million SMEs to 5.0 million SMEs.

3/ The revenue loss for 2006-08 is estimated by calculating the benefit of duty suspension up to the TRQ limit of 5.0 million SMEs.

Source of estimated dutiable import data: Official U.S. Government statistics.

HTS subheading: <u>9902.51.16</u>					
	2004	2005 <u>3/</u>	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	25.0	25.0	25.0	25.0	25.0
Estimated value <i>dutiable</i> imports		\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Customs revenue loss	<u>2/</u>	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000

1/ Where applicable to a specific or compound duty rate, the AVE is the ad valorem equivalent of such specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ Not applicable. The duty suspension would not take effect until January 1, 2005.

3/ The revenue loss for 2005-08 is estimated by calculating the benefit of duty suspension up to the TRQ

limit of 2.0 million SMEs.

Source of estimated dutiable import data: Official U.S. Government statistics.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Tailored Clothing Association ^{1/} David Starr, Williams & Jensen 202-659-8201	07/30/04	N	Y	N
Brooks Brothers Enfield, CT David Starr, Williams & Jensen 202-659-8201	08/05/04	N	Y	N
Victor Forstmann & Co. Dublin, GA Merritt W. Loring 478-274-5718	08/04/04	Y	Y	N
National Textile Association Karl Spilhaus, President Boston, MA	07/30/04			

^{1/} A list of the members and their locations is attached with the TCA submission.

Technical comments:⁷

It might simplify drafting the bill if in section 1 a new subdivision could be added to indicate that the amendments to headings and U.S. notes refer to provisions of subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States; then other provisions of the bill could be simplified. We

⁷ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs and Border Protection (CBP) is authorized to issue a binding ruling on this matter. The Commission believes that CBP should be consulted prior to enactment of the bill.

note that there are errors in the referenced provisions of chapter 51 in some of the existing headings, in that they refer to provisions for other types of fabric, and we will suggest changes below.

For clarity of scope, and to ensure the accuracy of entries under and administration of the changes the bill proposes for existing heading 9902.51.12, it is suggested that the provision be split into two headings—one for goods for the benefit of clothing producers and one for goods for the benefit of fabric producers. Customs cannot administer two different quantity limits on imports by means of a single tariff heading. It is also suggested that minor technical changes in the article description of headings 9902.51.13 and 9902.51.14 would make them more consistent with other HTS provisions. Last, certain changes are suggested for related U.S. notes 15 and 16 along with a new note 17, as set forth first below. In some cases we will present these suggestions as replacement language for existing provisions, rather than amendments, because rewriting them is easier to draft and understand, but side headings will be omitted. The text below relates to section 2 of the bill and could replace the indicated subdivisions thereof.

(a)(1) Heading 9902.51.11 is amended—

(A) by striking from the article description “all the foregoing certified by the importer as suitable for use in making suits, suit-type jackets, or trousers”, the references “5111.11.70, 5111.19.60,” and the comma after “5112.11.60”;

[subdivisions (A) and (B) would be renumbered as (B) and (C) with no text changes]

(2) Heading 9902.51.12 is deleted.

(3) [unchanged]

(4) Heading 9902.51.14 is amended--

(A) by inserting in the article description after the word “top,” the words “the foregoing”; and

(B) by striking “2005” and inserting “2010” in lieu thereof.

(5) The following new headings are inserted in numerical sequence:

“9902.51.15	:Fabrics, of combed wool, containing 85 percent	:	:	:
	:or more by weight of wool, with wool yarns of	:	:	:
	:average fiber diameters of 18.5 micron or less,	:	:	:
	: under the terms of U.S. note 16(b) to this subchapter	:	:	:
	:(provided for in subheading 5112.11.30 or 5112.19.60)....	:Free	:No change	:No change”
	:	:	:	:
“9902.51.16	:Fabrics, of combed wool, containing 85 percent	:	:	:
	:or more by weight of wool, with wool yarns of	:	:	:
	:average fiber diameters of 18.5 micron or less,	:	:	:
	:under the terms of U.S. note 17 to this subchapter	:	:	:
	:(provided for in subheading 5112.11.30 or 5112.19.60)...	: Free	: No change	: No change”

(b)(1) [initial text unchanged]--

(A) by redesignating the existing paragraph as subdivision (a) of such note;

(B) by amending such subdivision (a) by striking “and” after “2002”;

(C) by striking....Act of 2000”; and

(D) by inserting the following new subdivision (b) of such note:

“(b) For purposes of heading 9902.51.11, all fabrics entered under such heading must be certified by the importer as suitable for use in making men’s and boys’ suits (as defined in U.S. note 13 to this subchapter), suit-type jackets, or trousers and must be imported for the benefit of persons who cut and sew such clothing in the United States.”

(2) [initial text unchanged]--

(A) by redesignating the existing paragraph as subdivision (a) of such note;

(B) by striking "9902.51.12" and inserting "9902.51.15" in lieu thereof;

(C) [insert text of (A) from draft bill];

(D) [insert text of (B) from bill];

(E) by striking "year 2003" and all that follows through the final period and inserting the following:
years 2003 and 2004, 5,000,000 square meter equivalents in calendar year 2005 and each calendar year thereafter, allocated as required by section 501(3)(1) of the Trade and Development Act of 2000 for the benefit of persons who cut and sew such clothing in the United States." and

(F) by inserting the following new subdivision (b):

"(b) For purposes of heading 9902.51.15, all fabrics entered under such heading must be certified by the importer as suitable for use in making men's and boys' suits (as defined in U.S. note 13 to this subchapter), suit-type jackets or trousers and must be imported for the benefit of persons who cut and sew such clothing in the United States."

(3) The following new U.S. note 17 is inserted in numerical sequence:

"17. For purposes of heading 9902.51.16, all fabrics entered under such heading must be certified by the importer as suitable for use in making men's and boys' suits (as defined in U.S. note 13 to this subchapter), suit-type jackets or trousers and must be imported for the benefit of persons who weave in the United States worsted wool fabric suitable for use in such clothing."

[The remaining provisions of subdivision 2(b) of the bill would be redesignated accordingly.]

We have no comment concerning the portion of the bill that is not directly related to the HTS provisions.

Industry Submissions

1. Submissions by the Tailored Clothing Association (TCA) (sent via e-mail, received, August 4, 2004)

August 3, 2004

Ms. Kimberlie Freund
International Trade Analyst
U.S. International Trade Commission
500 E Street, SW
Washington, DC 21436

Dear Ms. Freund:

It is our understanding that the International Trade Commission (ITC) is accepting written submissions from interested parties for consideration by the ITC in preparing its bill report regarding HR 4287, the Wool Suit and Textile Trade Extension Act of 2004. On behalf of the domestic men's and boy's suit manufacturing industry, we appreciate the opportunity to submit our views on this important legislation for your consideration.

The Tailored Clothing Association (TCA) represents manufacturers who cut and sew men's and boy's suits in the United States. TCA represents employers across the country, ranging from small tailor and custom shops to large manufactures. Attached is a partial list of TCA-member companies that support enactment of HR 4287.

The Tailored Clothing Association strongly supports H.R. 4287, legislation which would extend an enormously successful duty relief program for an additional five years. Prior to enactment of the current duty relief program our industry lost half its jobs and half of its production as a direct result of a trade policy that penalized the production of suits domestically, while eliminating duties on finished suits imported from Canada and other countries. Since the enactment of duty relief for our industry in 2000, production and employment have stabilized, and recent data suggests domestic manufacturing in 2003 may have exceeded prior year production numbers.

Without an extension of these provisions now, our member companies will be unable to determine pricing on or about the start of the second quarter of 2005. Because of the significant lead time in ordering and pricing goods, our industry needs to know by the end of the first quarter of 2005 whether fabric entering the U.S. after December 31, 2005 will be subject to duties, and if so, at what level. Without such certainty, the success of the duty relief program will begin to unravel as U.S. companies will be unable to effectively compete against foreign manufacturers for production contracts.

The provisions in HR 4287 represent a careful compromise between all the domestic supply chain

partners, including the textile and wool producing industries as well as our own. In addition to the duty relief granted our industry, there are provisions that support continued research for the domestic sheep industry and assistance for domestic fabric mills, all of which our industry supports in the context of extending and modifying this important program.

I am attaching some material that explains HR 4287 and which is being used to explain the need for the legislation to various policymakers. In addition, we note that nearly identical language was filed as an amendment (Senate Amendment 2941) by Senators Baucus and Thomas, and was printed in the Congressional Record on March 29, 2004 (page S3311). The amendment was not considered by the full Senate.

If you have any questions please feel free to contact me. Again, thank you for the opportunity to provide input on this process.

Sincerely,

David A. Starr, Counsel
Tailored Clothing Association

Major TCA Participants

American Fashion

Chula Vista, CA

GFT

New Bedford, MA

Hardwick Clothes, Inc.

Cleveland, TN

Hartmarx

Anniston, AL

Chicago, IL

Des Plaines, IL

Rock Island, IL

Cape Girardeau, M O

Hartz & Company

Frederick, MD

Hickey Freeman

Rochester, NY

Hugo Boss
Cleveland, OH

John H. Daniel Company
Knoxville, TN

Martin Greenfield Clothiers
Brooklyn, NY

Oxxford Clothiers
Chicago, IL

St. Laurie
New York, NY

Tom James Company
Nashville, TN
Shippensburg, PA
Chambersburg, PA
Westminster, MD

The American Sheep Industry Association
Burlington Industries
The National Textile Association
Tailored Clothing Association
Union of Needletrades, Industrial and Textile Employees

CURRENT LAW

Current law reduces duties on a limited quantity of imported worsted wool fabric suitable for use in men's and boys' suits, sport coats, and trousers. This is known as a "tariff rate quota," or "TRQ," program. Suit manufacturers may import up to 3.5 million square meters of fabric of higher-end fabric (Super 100s and higher grade) annually duty-free. Suit manufacturers may import 4.5 million square meters of coarser fabric (Super 70s and 80s) at a 17.5% duty rate. All fabric that is imported above these quantities is subject to the full 25% duty rate. The Commerce Secretary has authority to increase these quantity amounts annually. In addition, high-grade worsted wool yarns, wool fiber, and wool top can be imported duty-free.

Current law, recognizing that duties are still being assessed U.S. manufacturers that compete against duty-free imports from Canada and Mexico, refunds certain duty amounts each year to tailored clothing manufacturers, worsted wool manufacturers and yarn spinners. Finally, a wool research and promotion fund has been established to improve the quality of wool production in the United States.

The above provisions all expire at the end of 2005.

In recent years many wool products at the wholesale and retail level, including worsted wool fabrics and apparel items, are being marketed and labeled as “Super 100’s,” “Super 120’s,” and other so-called “super” grades. These labels refer to the fineness of the yarns contained in the product – the finer the average yarn diameters the higher the super’s grade. Higher “super” grades reflect products that are supposed to have finer yarns, and, thus, sold at higher prices. The International Wool Textile Organization (IWTO), the international body representing the interests of the world’s wool textile industry, has adopted a code of practice regarding the use of the description of the term “supers” on wool products, and the exact average yarn diameters that each level of “super’s” should contain. The Wool Labeling Act, which regulates the labeling of wool products in the United States, has not been amended to reflect the current marketing practice of using “supers” as an identifier of product quality.

NEED TO EXTEND WOOL TARIFF RELIEF DURING 2004

The domestic tailored clothing industry and wool textile mills continue to face significant challenges maintaining employment and production as a result of an unlevelled playing field.

Tailored clothing manufacturers order worsted wool fabric many months ahead of scheduled deliveries. For example, the Spring 2006 suit collections require manufacturers to order fabric no later than March 2005 for fabric deliveries from September through November 2005. The current suspensions cover fabric entering the United States no later than December 31, 2005. Thus, fabric orders after March 2005, will generally be for fabric entering after January 1, 2006. With the expiration of the current law tariff relief provisions in 2005, manufacturers will be unable to make pricing decisions after the first quarter of 2005 – they will not know if fabric purchases will be subject to a 0% duty rate, or the full 25% duty rate.

PROPOSED EXTENSION AND REVISIONS

— A coalition of U.S. companies and trade associations representing every facet of the supply chain for worsted wool products is concerned about the impact the expiring provisions will have on U.S. manufacturing jobs. The above listed organizations, and their member companies, support a five-year extension of the wool duty relief program subject to the following modifications:

- (1) The duty rate under the TRQ for coarser fabric will be reduced from 17.5% to 10% and the TRQ quantity will be increased from 4.5 million square meters to 5.5 million square meters. These changes would be effective January 1, 2005.
- (2) The TRQ quantity for higher-grade fabrics would be increased from 3.5 millions square meters to 5 million square meters effective January 1, 2005.
- (3) An additional TRQ for higher-grade fabrics would be added for the benefit of textile mills that import fabric subject to a 2 million square meter limitation. This change would be effective January 1, 2005.

(4) The authority of the tailored clothing companies to petition for additional relief from the Secretary of Commerce would terminate effective January 1, 2005.

(5) An additional \$2.666 million would be made available annually to the Commerce Department to allocate as grants to textile facilities that compete in coarser fabric production, and the identical program for those facilities that compete in the higher-end fabric production.

(6) To prevent the import and sale of mislabeled goods, the Wool Labeling Act of 1939 would be amended to adopt the standards of the International Wool Textile Organization as to the labeling of wool products with the term "Supers."

2. Submission by the David A. Starr, Williams & Jensen, P.C., on behalf of Brooks Brothers,
(sent via e-mail, received, August 5, 2004)

From: David A. Starr [dastarr@wms-jen.com]
Sent: Thursday, August 05, 2004 9:24 AM
To: Freund, Kimberlie
Subject: HR 4287 - Wool

On behalf of my client, Brooks Brothers (Enfield, CT), I am writing to indicate the company's strong support for enactment of HR 4287. Brooks Brothers has been a beneficiary of the wool duty reduction program and supports its extension and modification as contained in HR 4287. Thank you.

David A. Starr
Williams & Jensen, P.C.
1155 21st Street NW
Washington, DC 20036
office: 202-973-5995

3. Submission by Forstmann & Co. , (sent via e-mail, received, August 4, 2004)



August 4, 2004

**Ms. Kimberlie Freund
U. S. International Trade Commission**

Re: Wool Trust Fund Legislation - HR 4287 – The Wool Suit and Textile Trade Extension Act of 2004

Dear Kimberlie:

I am the C.O.O. for Victor Forstmann, Inc. We are writing to express support for HR 4287, the Wool Suit and Textile Trade Extension Act of 2004. This legislation represents a carefully crafted compromise that is designed to improve the competitiveness of the entire wool sector, including fiber fabric and apparel producers. As this bill undergoes Congressional review, it is critical that it remain completely intact in order to preserve the delicate balance of concessions and benefits important to all parties. As domestic fabric manufacturers, we are especially interested in Section 2 (4). This provision is necessary to offset losses incurred by U.S. fabric makers as a result of the wool fabric Tariff Rate Quota (TRQ) system.

For your information, we are a producer of the types of fabrics that are the subject of this legislation and the current TRQ system. Our U.S. production facilities are located in Dublin, Georgia.

Please contact me if you have any questions or desire further information. My phone number is 478-274-5718 and my fax number is 478-275-5647.

**Sincerely,
Victor Forstmann, Inc.**

P. O. Box 1049
Dublin, GA 31040

Merritt W. Loring
C. O. O.

108TH CONGRESS
2D SESSION

H. R. 4287

To amend the Harmonized Tariff Schedule of the United States relating to imports of certain wool products, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2004

Mr. HOUGHTON (for himself, Ms. SLAUGHTER, Mr. SHAW, Mrs. EMERSON, Mr. ROGERS of Alabama, Mr. HOBSON, Mr. REYNOLDS, and Mr. WALSH) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Harmonized Tariff Schedule of the United States relating to imports of certain wool products, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Wool Suit and Textile
5 Trade Extension Act of 2004”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF DUTY SUSPEN-**
2 **SION ON WOOL PRODUCTS, WOOL RESEARCH**
3 **FUND, WOOL DUTY REFUNDS.**

4 (a) EXTENSION OF TEMPORARY DUTY REDUC-
5 TIONS.—

6 (1) HEADING 9902.51.11.—Heading 9902.51.11
7 of the Harmonized Tariff Schedule of the United
8 States is amended—

9 (A) by striking “2005” and inserting
10 “2010”; and

11 (B) by striking “17.5%” and inserting
12 “10%”.

13 (2) HEADING 9902.51.12.—Heading 9902.51.12
14 of the Harmonized Tariff Schedule of the United
15 States is amended by striking “2005” and inserting
16 “2010”.

17 (3) HEADING 9902.51.13.—Heading 9902.51.13
18 of the Harmonized Tariff Schedule of the United
19 States is amended by striking “2005” and inserting
20 “2010”.

21 (4) HEADING 9902.51.14.—Heading 9902.51.14
22 of the Harmonized Tariff Schedule of the United
23 States is amended by striking “2005” and inserting
24 “2010”.

25 (b) MODIFICATION OF LIMITATION ON QUANTITY OF
26 IMPORTS.—

1 (1) NOTE 15.—U.S. Note 15 to subchapter II
2 of chapter 99 of the Harmonized Tariff Schedule of
3 the United States is amended—

4 (A) by striking “and” after “2002,”; and

5 (B) by striking “year 2003” and all that
6 follows through the end period and inserting
7 the following: “years 2003 and 2004, and
8 5,500,000 square meter equivalents in calendar
9 year 2005 and each calendar year thereafter for
10 the benefit of persons who cut and sew men’s
11 and boys’ worsted wool suits and suit-like jack-
12 ets and trousers in the United States, allocated
13 as required by section 501(e)(1) of the Trade
14 and Development Act of 2000.”.

15 (2) NOTE 16.—U.S. Note 16 to subchapter II
16 of chapter 99 of the Harmonized Tariff Schedule of
17 the United States is amended—

18 (A) by striking “shall be limited to
19 1,500,000” and inserting “shall be limited to—
20 “(1) 1,500,000”;

21 (B) by striking “and” after “2002,”; and

22 (C) by striking “year 2003” and all that
23 follows through the end 5period and inserting
24 the following: “years 2003 and 2004, 5,000,000
25 square meter equivalents in calendar year 2005

and each calendar year thereafter for the benefit of persons who cut and sew men's and boys' worsted wool suits and suit-like jackets and trousers in the United States, allocated as required by section 501(e)(1) of the Trade and Development Act of 2000; and

“(b) 2,000,000 square meter equivalents in calendar year 2005 and each calendar year thereafter for the benefit of manufacturers who weave worsted wool fabric in the United States suitable for use in men's and boys' suits, allocated as required by section 501(e)(2) of the Trade and Development Act of 2000.”.

(3) CONFORMING AMENDMENTS.—

(A) SUNSET STAGED REDUCTION REQUIREMENT.—Section 501(a)(2) of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 299) is amended by inserting before the period “for goods entered, or withdrawn from warehouse for consumption, before January 1, 2005”.

(B) ALLOCATION OF TARIFF RATE QUOTAS.—Section 501(e) of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 300) is amended—

1 (i) by striking “In implementing” and
2 inserting “(1) In implementing”;

3 (ii) by striking “16” and inserting
4 “16(a)”; and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(2) In implementing the limitation on the
8 quantity of worsted wool fabrics under heading
9 9902.51.12 of the Harmonized Tariff Schedule of
10 the United States, as required by U.S. Note 16(b)
11 of subchapter II of chapter 99 of such Schedule, for
12 the entry, or withdrawal from warehouse for con-
13 sumption, the Secretary of Commerce shall adopt
14 regulations to allocate fairly such quantity to manu-
15 facturers who weave worsted wool fabric in the
16 United States suitable for use in men’s and boys’
17 suits and who apply for an allocation.”.

18 (C) SUNSET AUTHORITY TO MODIFY LIM-
19 ITATION ON QUANTITY.—Section 504(b) of the
20 Trade and Development Act of 2000 (Public
21 Law 106–200; 114 Stat. 301) is repealed, effec-
22 tive January 1, 2005.

23 (c) EXTENSION OF DUTY REFUNDS AND WOOL RE-
24 SEARCH TRUST FUND.—

1 (1) IN GENERAL.—The United States Customs
2 Service shall pay to each manufacturer that receives
3 a payment during calendar year 2005 under section
4 505 of the Trade and Development Act of 2000
5 (Public Law 106–200; 114 Stat. 303), as amended
6 by section 5101 of the Trade Act of 2002 (116 Stat.
7 1041), and that provides an affidavit, no later than
8 March 1 of the year of the payment, that it remains
9 a manufacturer in the United States as of January
10 1 of the year of the payment, 5 additional payments,
11 each payment equal to the payment received for cal-
12 endar year 2005 as follows:

13 (A) The first payment to be made after
14 January 1, 2006, but on or before April 15,
15 2006.

16 (B) The second, third, fourth, and fifth
17 payments to be made after January 1, but on
18 or before April 15, of each of the following four
19 calendar years.

20 (2) SUCCESSOR-IN-INTEREST.—Any manufac-
21 turer that becomes a successor-in-interest to a claim-
22 ant of a payment under section 505 of the Trade
23 and Development Act of 2000, as amended by sec-
24 tion 5101 of the Trade Act of 2002, because of—

25 (A) an assignment of the claim,

1 (B) an assignment of the original claim-
2 ant's right to manufacture under the same
3 trade name,

4 (C) a reorganization,
5 or otherwise, shall be eligible to claim the payment
6 as if the successor manufacturer were the original
7 claimant, without regard to section 3727 of title 31,
8 United States Code. Such right to claim payment as
9 a successor shall be effective as if the right were in-
10 cluded in section 505 of the Trade and Development
11 Act of 2000.

12 (3) EXTENSION OF WOOL RESEARCH, DEVELOP-
13 MENT, AND PROMOTION TRUST FUND.—Section
14 506(f) of the Trade and Development Act of 2000
15 (Public Law 106–200; 114 Stat. 303), as amended
16 by section 5102(c)(2) of the Trade Act of 2002 (116
17 Stat. 1047), is amended by striking “2006” and in-
18 serting “2011”.

19 (4) COMMERCE AUTHORITY TO PROMOTE DO-
20 MESTIC EMPLOYMENT.—

21 (A) GRANTS TO MANUFACTURERS OF WOR-
22 STED WOOL FABRICS.—The Secretary of Com-
23 merce shall provide to—

24 (i) persons who were, during calendar
25 years 1999, 2000, and 2001, manufactur-

1 ers of worsted wool fabric of the kind de-
2 scribed in heading 9902.51.12 of the Har-
3 monized Tariff Schedule of the United
4 States, and

5 (ii) persons who were, during such
6 calendar years, manufacturers of worsted
7 wool fabric of the kind described in head-
8 ing 9902.51.11 of the Harmonized Tariff
9 Schedule of the United States,

10 grants in each of calendar years 2005 through
11 2010 in the amounts determined under sub-
12 paragraph (B).

13 (B) AMOUNTS.—(i) The total amount of
14 grants to manufacturers under subparagraph
15 (A)(i) shall be \$2,666,000 each calendar year,
16 allocated among such manufacturers on the
17 basis of the percentage of each manufacturer's
18 production of the fabric described in heading
19 9902.51.12 of the Harmonized Tariff Schedule
20 of the United States for calendar years 1999,
21 2000, and 2001, compared to the production of
22 such fabric by all such manufacturers who qual-
23 ify under subparagraph (A)(i) for such grants.

24 (ii) The total amount of grants to manu-
25 facturers under subparagraph (A)(ii) shall be

1 \$2,666,000 each calendar year, allocated among
2 such manufacturers on the basis of the percent-
3 age of each manufacturer's production of the
4 fabric described in heading 9902.51.11 of the
5 Harmonized Tariff Schedule of the United
6 States for calendar years 1999, 2000, and
7 2001, compared to the production of such fab-
8 ric by all manufacturers who qualify under sub-
9 paragraph (A)(ii) for such grants.

10 (iii) Any grant awarded by the Secretary
11 under this paragraph shall be final and not sub-
12 ject to appeal or protest.

13 (5) AUTHORIZATION.—There are authorized to
14 be appropriated and are hereby appropriated out of
15 amounts in the general fund of the Treasury not
16 otherwise appropriated such sums as are necessary
17 to carry out this subsection.

18 (d) EFFECTIVE DATE FOR DUTY REDUCTION.—The
19 amendment made by subsection (a)(1)(B) shall apply to
20 goods entered, or withdrawn from warehouse for consump-
21 tion, on or after January 1, 2005.

1 **SEC. 3. LABELING OF WOOL PRODUCTS TO FACILITATE**
2 **COMPLIANCE AND PROTECT CONSUMERS.**

3 (a) IN GENERAL.—Section 4 of the Wool Products
4 Labeling Act of 1939 (15 U.S.C. 68b(a)) is amended by
5 adding at the end the following new paragraph:

6 “(5) In the case of a wool product stamped,
7 tagged, labeled, or otherwise identified as—

8 “(A) ‘Super 80’s’ or ‘80’s’, if the average
9 fiber diameter thereof does not average 19.5
10 microns or finer;

11 “(B) ‘Super 90’s’ or ‘90’s’, if the average
12 fiber diameter thereof does not average 19.0
13 microns or finer;

14 “(C) ‘Super 100’s’ or ‘100’s’, if the aver-
15 age fiber diameter thereof does not average
16 18.5 microns or finer;

17 “(D) ‘Super 110’s’ or ‘110’s’, if the aver-
18 age diameter of wool fiber thereof does not av-
19 erage 18.0 microns or finer;

20 “(E) ‘Super 120’s’ or ‘120’s’, if the aver-
21 age diameter of wool fiber thereof does not av-
22 erage 17.5 microns or finer;

23 “(F) ‘Super 130’s’ or ‘130’s’, if the aver-
24 age diameter of wool fiber thereof does not av-
25 erage 17.0 microns or finer;

1 “(G) ‘Super 140’s’ or ‘140’s’, if the aver-
2 age diameter of wool fiber thereof does not av-
3 erage 16.5 microns or finer;

4 “(H) ‘Super 150’s’ or ‘150’s’, if the aver-
5 age diameter of wool fiber thereof does not av-
6 erage 16.0 microns or finer;

7 “(I) ‘Super 160’s’ or ‘160’s’, if the average
8 diameter of wool fiber thereof does not average
9 15.5 microns or finer;

10 “(J) ‘Super 170’s’ or ‘170’s’, if the aver-
11 age diameter of wool fiber thereof does not av-
12 erage 15.0 microns or finer;

13 “(K) ‘Super 180’s’ or ‘180’s’, if the aver-
14 age diameter of wool fiber thereof does not av-
15 erage 14.5 microns or finer;

16 “(L) ‘Super 190’s’ or ‘190’s’, if the aver-
17 age diameter of wool fiber thereof does not av-
18 erage 14.0 microns or finer;

19 “(M) ‘Super 200’s’ or ‘200’s’, if the aver-
20 age diameter of wool fiber thereof does not av-
21 erage 13.5 microns or finer; and

22 “(N) ‘Super 210’s’ or ‘210’s’, if the aver-
23 age diameter of wool fiber thereof does not av-
24 erage 13.0 microns or finer.

1 In each such case, the average fiber diameter may
2 be subject to a variation of 0.25 microns, and may
3 be subject to such other standards or deviations
4 therefrom as adopted by regulation by the Commis-
5 sion.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to wool products manufactured on
8 or after January 1, 2005.

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